the bank with reference to its financial position as on 31st March, 2004, it was again found to be not complying with the relevant provisions of the BR Act, 1949 (AACS). Hence, the bank's application for the third exemption was kept in abeyance and the matter was referred to RBI for imposition of moratorium on acceptance of deposits on the basis of the decision of the Board of Supervision (for State Co-operative Banks, District Central Co-operative Banks and Regional Rural Banks) of NABARD taken its meeting held on 11th December, 2004.

(c) and (d) The Sivaganga District Central Co-operative Bank has been placed under RBI directions, *inter-alia,* prohibiting the bank from accepting fresh deposits in existing or new accounts; withdrawal of any sum exceeding Rs. 1000/- of the total balance in every saving, current or any other deposit account, and incurring any expenditure except in respect of salaries of employees, rent, rates and taxes, electricity bill, printing stationery, postage and telegram, legal expenses not exceeding Rs. 1000/- in each case etc without prior approval of the RBI with effect from close of business on April 5, 2005. The above direction was issued by RBI in public interest based on quick inspection of the bank conducted by NABARD which revealed, *inter-alia,* erosion in value of assets at Rs. 95.70 crore as on March 31, 2004 compared to Rs. 63.23 crore as on March 31, 2003, negative real value of the bank as on 31.3.2004, deposits of the bank affected to the extent of 16.9%, NPAs amounting to 35.8% of total loans and advances and the bank continuing to incur losses since 1998-99. Further, the Government of Tamil Nadu recommended the grant of further exemption to the bank but did not give any specific financial/share capital and administrative/recovery support commitment to NABARD.

Appointment of officer/employee Directors in the Board of Directors of RRBs

†4207. SHRI KRIPAL PARMAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a provision for appointment of a director in the Board of Directors of banks as a representative of the officers/ employees working in the Nationalised Commercial Banks;

(b) if so, whether Government would consider to make a provision for appointing an officer/employee Director in the Board of Directors of the Regional Rural Banks on the lines of sponsor banks (Nationalised Commercial Banks); and

†Original notice of the question was received in Hindi

(c) if so, by when and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Such a provision exists in Section 9(3)(f) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980.

(b) and (c) There is no provision in the Regional Rural Banks Act, 1976 for appointment of officer/employee as a Director in the Board of Directors in Regional Rural Banks (RRBs). Further, at present there is no proposal to change the structure of Board of Directors of RRBs.

Levy of taxes by states

4208. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) what is the present Constitutional provision with regard to levy of taxes by States;

(b) whether Government are considering any proposal to amend the Constitution with a view to divest the States of such power; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The States levy taxes are per the subjects enumerated in List-II (State List) of the seventh schedule to the Constitution of India.

(b) and (c) At present, there is no proposal to amend the Constitution with a view to divest the States of such power.

Insurance cover for reconstruction of houses damaged due to natural calamities

4209. SHRI N.R. GOVINDARAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether insurance cover is provided to the poor people for reconstruction of their houses damaged due to natural calamities like fire, floods, cyclone, Tsunami, earthquake etc.; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The General Insurance Companies, both